

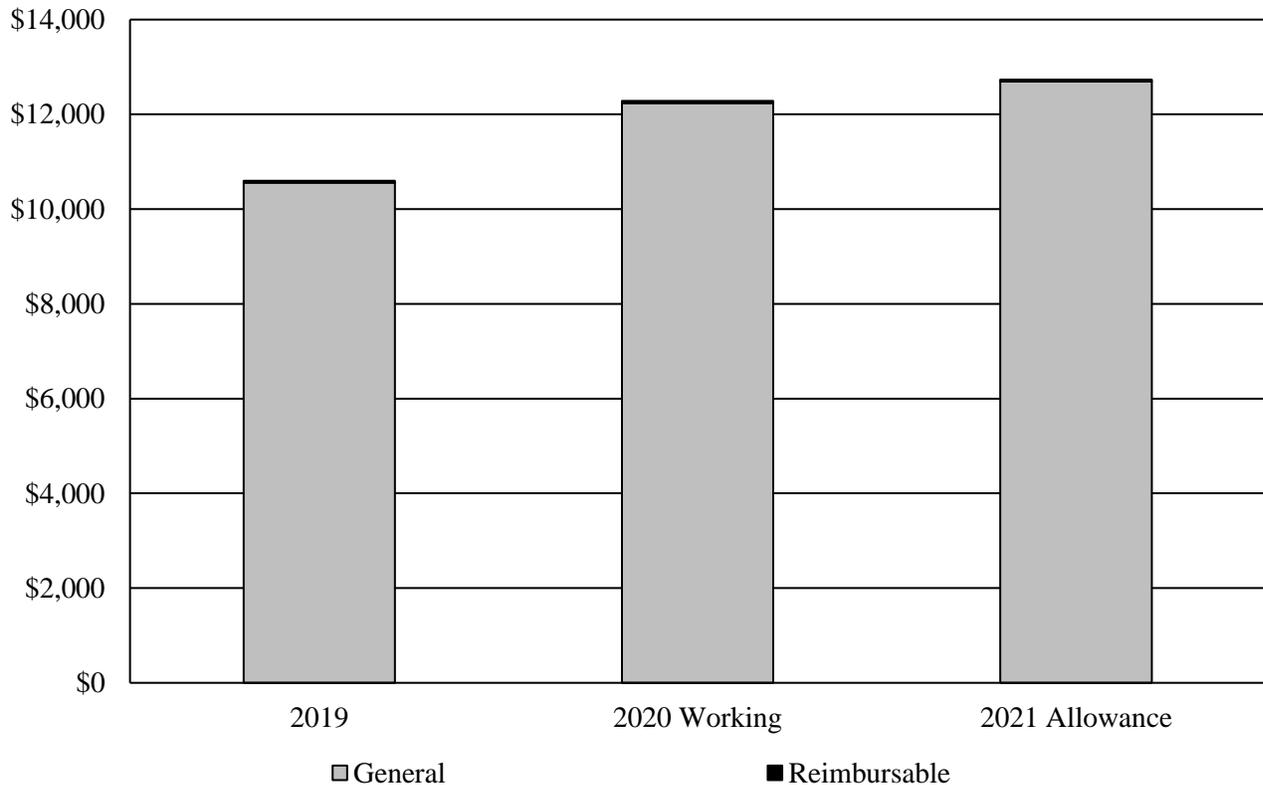
D10A01
Executive Department – Governor

Program Description

As the chief executive, the Governor exercises supervision over the agencies of the Executive Branch. The Governor presents to the General Assembly in the annual budget a work program and the financial requirements for the ensuing year and reports on the condition of the State. Amendments to the enacted budget are approved by the Governor. In discharging the duties of the office, the Governor appoints officials and grants pardons and reprieves. The Governor represents the State in its relations with other jurisdictions and the public.

Operating Budget Summary

**Budget Increases by \$453,650 or 3.7% to \$12.7 Million in Fiscal 2021
(\$ in Thousands)**



Note: Numbers may not sum due to rounding. The fiscal 2020 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2021 allowance includes contingent reductions and general salary increases.

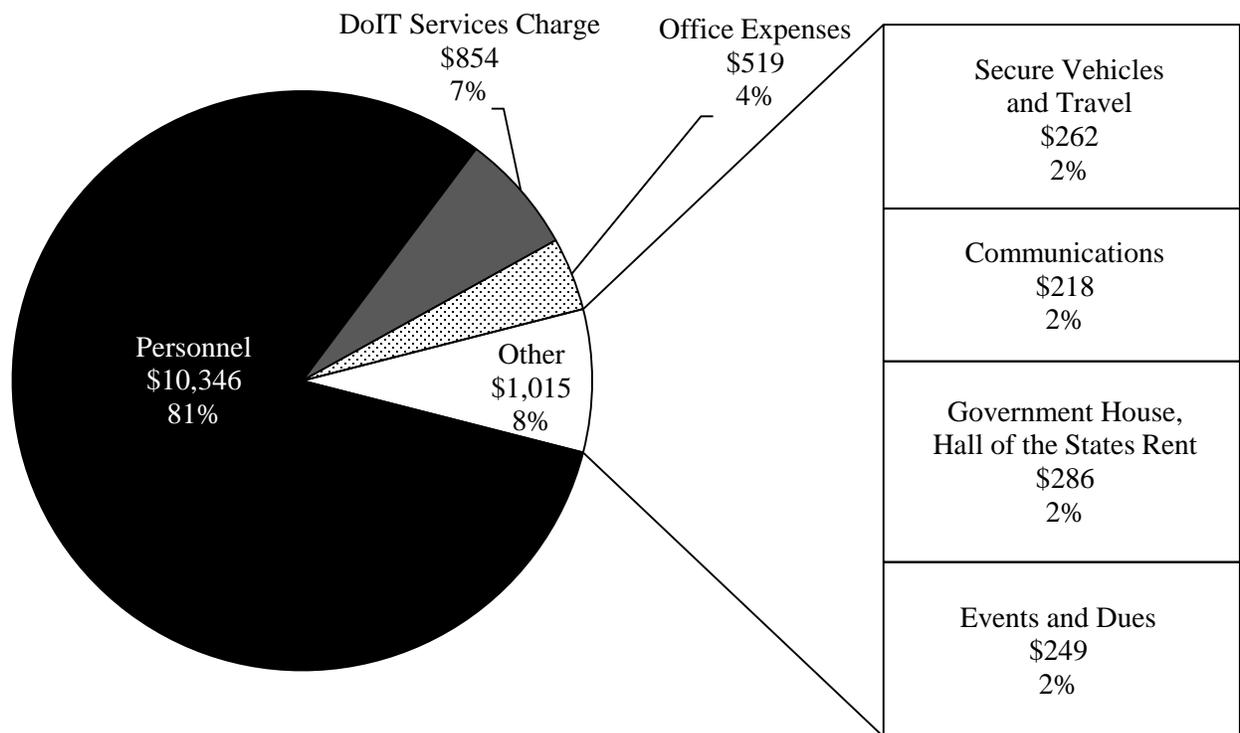
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Fiscal 2021 Overview of Agency Spending

The budget of the Governor’s Office consists mostly of the costs to employ the Governor and Lieutenant Governor’s executive staff and advisors, along with other staff members who assist the Governor with the day-to-day duties of the office. **Exhibit 1** depicts the fiscal 2021 allowance for the Governor’s Office. Personnel costs make up the majority of the allocation, at 81%. Department of Information Technology (DoIT) service charges make up 7% of projected spending, followed by general office expenses at 4%. The remaining 8% of the allowance consists of secure vehicles and travel, along with other expenses related to the Governor’s role as the State’s chief executive. These expenses include rent for the Government House mansion; office costs for the Hall of the States in Washington, DC; and funding for the Governor’s official events. Approximately 1% of the allowance is dedicated to fiscal 2021 salary enhancements.

Exhibit 1
Overview of Agency Spending
Fiscal 2021 Allowance
(\$ in Thousands)



DoIT: Department of Information Technology

Source: Department of Legislative Services

Proposed Budget Change

The fiscal 2021 allowance increases by nearly \$454,000, or 3.7%, compared to the fiscal 2020 working appropriation. As shown in **Exhibit 2**, this growth is largely due to higher DoIT service charges and several statewide general salary increases.

Exhibit 2
Proposed Budget
Executive Department – Governor
(\$ in Thousands)

How Much It Grows:	General Fund	Reimb. Fund	Total
Fiscal 2019 Actual	\$10,559	\$41	\$10,601
Fiscal 2020 Working Appropriation	12,239	41	12,280
Fiscal 2021 Allowance	<u>12,691</u>	<u>43</u>	<u>12,734</u>
Fiscal 2020-2021 Amount Change	\$452	\$2	\$454
Fiscal 2020-2021 Percent Change	3.7%	3.7%	3.7%
 Where It Goes:			
Personnel Expenses			
2% cost-of-living adjustment (COLA) in fiscal 2021			\$88
Employee and retiree health insurance costs.....			66
Regular earnings.....			58
Net annualization of fiscal 2020 1% COLA			44
Workers' compensation assessment.....			10
Other personnel changes			6
Social Security contributions			2
Abolished position – Administrator			-110
Employee retirement system			-168
 Other Changes			
Department of Information Technology service charge.....			257
Other contractual services			49
Supplies and equipment			48
Secure vehicles and travel.....			41
Communications			33
Rent for office space at the Hall of the States in Washington, DC			19
Other.....			11
Total			\$454

Note: Numbers may not sum due to rounding. The fiscal 2020 appropriation includes deficiencies, planned reversions, and general salary increases. The fiscal 2021 allowance includes contingent reductions and general salary increases.

Personnel Data

	<u>FY 19</u> <u>Actual</u>	<u>FY 20</u> <u>Working</u>	<u>FY 21</u> <u>Allowance</u>	<u>FY 20-21</u> <u>Change</u>
Regular Positions	82.50	82.50	81.50	-1.00
Contractual FTEs	<u>0.00</u>	<u>1.00</u>	<u>1.00</u>	<u>0.00</u>
Total Personnel	82.50	83.50	82.50	-1.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	1.97	2.42%
Positions and Percentage Vacant as of 12/31/19	8.50	10.30%
Vacancies Above Turnover	6.53	

Personnel Spending

The Executive Department loses 1 regular Administrator position due to an abolishment. Excluding the cost-of-living adjustments, personnel expenses decrease by nearly \$136,000. This change is mainly attributable to this minor reduction in positions and lower costs for the employee retirement system. Including the salary enhancements, personnel spending decreases by about \$4,000.

Departmental Vacancies

During the previous budget cycle, the Executive Department’s fiscal 2019 spending for salaries and wages was approximately \$773,000 less than the legislative appropriation due to high vacancies. While operating expenses were \$87,000 higher than expected, the department was able to revert a net \$685,687 back to the General Fund at closeout.

At the end of December 2019, the department was 6.53 vacancies over the level to meet required turnover and had a 10.3% vacancy rate. At that time, nearly half of its surplus vacancies (positions that were vacant over and above turnover) were unfilled for at least seven months, and 1 of those positions had been vacant since December 2018. The department notes that this position was filled on January 2, 2020. The Executive Department also reports that, of these vacancies, it is seeking to fill 5, with 4 positions likely to be filled within the next month. Given that the department was able to revert excess salary funds as well as abolish 1 position, additional savings could be realized by reducing surplus vacancies. **Therefore, while the department may fill some of its excess vacancies, the Department of Legislative Services recommends increasing budgeted turnover to 3.65%, which is more in line with both historical and recent levels.**

Key Observations

1. The Executive Budget Remains Largely Unchanged

While there is a modest increase of 3.7% in the allowance for the Governor’s Office, this increase, as in previous years, is driven by policy decisions that are not directly related to the operations of the office, which are largely unchanged from year to year. The strategy of the Governor is contained in his legislative agenda, the budget message, and the operating and capital budgets; therefore, traditional performance measurement data is not appropriate for this office as it can be found in the performance measures of the individual agencies of the Administration.

Operating Budget Recommended Actions

	<u>Amount Reduction</u>	
1. Increase turnover to 3.65%. The agency has a current vacancy rate of 10.3%; an increase in turnover will be more in line with both historical and recent levels.	\$ 112,590	GF
Total General Fund Reductions	\$ 112,590	

**Appendix 1
Audit Findings**

Audit Period for Last Audit:	January 21, 2015 – November 18, 2018
Issue Date:	November 2019
Number of Findings:	2
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	n/a

Finding 1: Information Systems Security and Control: Malware protection controls were not sufficient to provide the Executive Department with adequate assurance that its computers were properly protected.

Finding 2: Equipment: The Executive Department did not complete physical inventories of its sensitive equipment and did not periodically reconcile control accounts with the detailed records.

Appendix 2
Object/Fund Difference Report
Executive Department – Governor

<u>Object/Fund</u>	<u>FY 19</u> <u>Actual</u>	<u>FY 20</u> <u>Working</u> <u>Appropriation</u>	<u>FY 21</u> <u>Allowance</u>	<u>FY 20 - FY 21</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
Positions					
01 Regular	0.00	82.50	81.50	-1.00	-1.2%
02 Contractual	0.00	1.00	1.00	0.00	0%
Total Positions	0.00	83.50	82.50	-1.00	-1.2%
Objects					
01 Salaries and Wages	\$ 9,017,800	\$ 10,194,600	\$ 10,058,613	-\$ 135,987	-1.3%
02 Technical and Special Fees	66,437	116,323	110,875	-5,448	-4.7%
03 Communication	328,120	184,500	217,743	33,243	18.0%
04 Travel	148,658	131,508	169,000	37,492	28.5%
07 Motor Vehicles	86,645	89,236	93,234	3,998	4.5%
08 Contractual Services	395,367	977,038	1,283,537	306,499	31.4%
09 Supplies and Materials	201,360	215,000	225,000	10,000	4.7%
10 Equipment – Replacement	16,779	13,000	30,000	17,000	130.8%
11 Equipment – Additional	39,526	25,000	46,000	21,000	84.0%
13 Fixed Charges	299,832	289,712	323,493	33,781	11.7%
Total Objects	\$ 10,600,524	\$ 12,235,917	\$ 12,557,495	\$ 321,578	2.6%
Funds					
01 General Fund	\$ 10,559,469	\$ 12,194,861	\$ 12,514,907	\$ 320,046	2.6%
09 Reimbursable Fund	41,055	41,056	42,588	1,532	3.7%
Total Funds	\$ 10,600,524	\$ 12,235,917	\$ 12,557,495	\$ 321,578	2.6%

Note: The fiscal 2020 appropriation does not include deficiencies, planned reversions, or general salary increases. The fiscal 2021 allowance does not include contingent reductions or general salary increases.